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CENTRAL INTELLIGENCE AGENCY  
OFFICE OF NATIONAL ESTIMATES

30 June 1955

MEMORANDUM FOR THE DIRECTOR OF CENTRAL INTELLIGENCE

SUBJECT: Comment on Intelligence Aspects of Draft  
NSC 5524, "Basic US Policy in Relation to  
Four-Power Negotiations"

1. The Soviet leaders have tried in a conspicuous way over recent months to give the impression that they are earnestly seeking an improvement in the international atmosphere. However, no real evidence has yet appeared that they have altered their view that there is an ineradicable hostility between the Communist and free worlds, or that they have abandoned their ultimate aim to expand the sphere of Communist power. What we have been witnessing, therefore, is probably a new phase of Soviet policy, not a fundamental change.

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Internal

2. The absence of a dominant figure like Stalin has apparently raised serious problems for policy-making in the Soviet totalitarian system. Although Khrushchev seems to have been the most influential figure since the fall of Malenkov, there are strong indications that he does not possess decisive power. The new "collective" leadership has evidently been concerned to avoid decisions involving any very high degree of risk and to exercise a greater degree of tactical flexibility than Stalin.

3. The Soviet leaders have themselves declared that the burden of military expenditures is weighing heavily on their economy, and there seems good reason for taking their expression of concern at face value. If programs for acquiring a modern air defense, a modern strategic air force, guided missiles, and submarines are pushed forward, along with modernization of ground forces to adapt them to nuclear warfare, the burden of Soviet military expenditures will continue to increase substantially.

4. This rising burden of military costs comes at a time when there are other pressing claims on Soviet resources.

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Along with continuing primary emphasis on heavy industry,  
the USSR is currently engaged in a major effort to increase  
agricultural output. There is not now a critical food situa-  
tion in the USSR. However, the Soviet leaders recognize that,  
unless they can overcome the near stagnation in agricultural  
production, the pressure of their growing population on the  
food supply will eventually confront them with a most serious  
problem. To meet this problem will require heavy investment  
for a number of years.

5. Communist China, and to some extent the Satellites  
in Eastern Europe, are also claimants on Soviet resources.  
The USSR is committed to support their military power and  
assist their economic growth. If the risks of war in the  
Far East should increase, the burden of military aid to China  
would probably rise sharply.

6. The impact of all the various claims on Soviet re-  
sources may have reached a point at which it threatens to  
reduce substantially the rate of economic growth. Since rapid  
economic growth, particularly in basic industry, has always  
been viewed by the Soviet leaders as a primary objective,

- 3 -

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associated with their desire to "overtake and surpass the capitalist countries", they must view with concern an international situation which forces them to devote so large a part of their resources to unproductive military purposes.

External

*direct consumption*

7. The Soviet leaders probably recognize that their previous policies stimulated a strong Western reaction and led to a growth and consolidation of Western strength. They probably feel that such policies have passed the point of diminishing returns. A shift to more flexible tactics probably seems necessary to give new impetus to their long standing efforts to divide and weaken the Western alliance while avoiding risks of general war.

8. The Soviet desire to avoid general war has probably now been strengthened by a new ingredient -- belated recognition of the consequences of nuclear conflict. Progress in their own development of nuclear weapons may have convinced the Soviet leaders, as Western statesmen have already been convinced, that the dangers inherent in any major war are now vastly greater than ever before. These leaders may be

- 4 -

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particularly concerned over their relative disadvantage during the next few years until they have acquired a nuclear capability sufficient to counter that of the US. However, they almost certainly recognize that even such a growth in their own nuclear capabilities will not remove the danger to themselves, and they may therefore desire a prolonged reduction of tensions.

9. Against the background of the developments discussed above, the ratification of the Paris Accords must have seemed to the Soviet leaders to be a major reverse. The rearmament of West Germany, fought so bitterly by Soviet propaganda and diplomacy since 1950, is probably regarded by the Soviet leaders not only as adding substantially to Western strength, but also as increasing the burdens and dangers of the cold war. They probably believe that, in the absence of a Soviet initiative, tensions might further increase, and therefore that their own military effort would also have to increase.

- 5 -

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SOVIET OBJECTIVES IN NEGOTIATIONS

10. It appears from the foregoing that the USSR, for various reasons, almost certainly desires some reduction in tensions. This conclusion is consistent with all of the four hypotheses in the draft of NSC 5524 as to the course which Soviet policy will pursue in the coming negotiations. Hypothesis C, and to a lesser extent D, appear to be the best estimates of Soviet courses of action, but it is unlikely that Soviet policy has as yet settled exclusively on any one of these four courses. As pointed out in the NSC draft, all four may figure in a tentative way in the calculations of the Soviet leaders.

11. The following comments are advanced on the four hypotheses:

- a. "The USSR has no real willingness to alter previous positions in any substantial respect, but is engaged solely in diplomatic and propaganda maneuvers, having particularly in mind the present 2-3 year period of marked Soviet military disadvantage."

- 6 -

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a. No doubt the Soviets wish to hold down risks of general war while they increase their nuclear capabilities, and they probably believe they can do so without making major concessions. If this minimizing of the risk of war is all the Soviets want, they can get it merely by insuring that Communist nations refrain from aggressive action. However, it will not ease their economic problems, or markedly improve the international situation. Moreover, the Soviets almost certainly recognize that even if their nuclear capabilities approach those of the US, the dangers inherent in full-scale nuclear warfare to the Communist system will not be appreciably reduced. Finally, the USSR cannot realistically expect to achieve its positive objectives of preventing or slowing down West German rearmament and otherwise undermining Western strength without a more forthcoming policy.

b. "The USSR, in order better to exploit the situation in the Far East, wishes to bring about an immediate easing of tensions in other areas." While such tactics might serve to isolate the US in the Far East and will therefore probably figure in the Soviet approach to negotiations, the USSR is almost certainly also

- 7 -

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concerned to avoid risks of war in Asia. The general motivations which appear to be behind current Soviet policy would dictate some relaxation of tensions in the Far East as well as Europe, since the Soviets probably recognize that the problem of world tensions is essentially indivisible. That the Soviets do take this view is supported by some indications that the USSR has tried to exert a moderating influence on Peiping in recent months.

- c. "The USSR considers that the present time affords an opportunity for flexible exploitation of the possibilities of settling selected outstanding issues and reserves its decision as to ensuing moves and attitudes pending the outcome of these negotiations." This hypothesis seems the most plausible. As noted above, the Soviet leaders are worried by their internal difficulties and by trends in the world situation, and desire some reduction in tensions. It would be consistent with the Soviet technique of negotiating to proceed carefully, exploring such opportunities as may develop. Therefore, the development of Soviet policies as the negotiations proceed will to a considerable degree depend on the positions taken by the Western powers.



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- d. "The USSR has decided to bring about a substantial and prolonged reduction in international tensions and is willing to alter previous negotiating positions appreciably to this end." It is possible that the USSR does want a substantial reduction of tensions for a prolonged period and is willing to alter previous positions to this end. Nevertheless, it is doubtful whether Soviet concern over internal problems or over trends in the world situation has reached the point of willingness to surrender any assets of real importance to the Bloc merely to improve the international atmosphere. The USSR might make substantial concessions, but only for what it would regard as an adequate quid pro quo.

- 9 -

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12. The principal Soviet objectives in the negotiations will be (a) to prevent or at least to limit West German rearmament, and (b) to weaken the Western alliance and if possible to obtain the withdrawal of US forces from bases in the Eastern Hemisphere. The Soviets probably calculate that if the cold war seemed to be coming to an end, there would be great reluctance in the West to continue the effort to maintain military strength, there would also be renewed opportunities for diplomatic maneuvers which might open up a new phase of political warfare.

SOVIET TACTICS AND POSITIONS IN NEGOTIATIONS

13. The initial Soviet position in the negotiations appears to have been laid down in the note of 10 May 1955 and confirmed by Molotov's speech to the UN on 22 June. It seems evident that the USSR wishes to gain the initiative by focusing the talks on its disarmament proposals and on its scheme for a security arrangement in Europe.

14. The USSR will probably lay great stress on the disarmament issue and may be prepared to carry out some limited form of agreement in this field. However, the Soviets will almost certainly not accept Western requirements for full freedom of access for international inspectors. The USSR would be unlikely to accept even

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the more limited form of inspection it has itself proposed unless it obtained some such concession as a substantial US withdrawal from bases in Europe and Asia. If the West were willing to accept an arms limitation arrangement without inspection, but providing for agreed levels of armament for West Germany and for mutual reduction of occupation forces in Germany, the USSR would probably welcome an agreement.

15. The USSR probably hopes to avoid discussion of German reunification, and in particular of the Western plan to accomplish this through free elections, by making its demands for a disarmament and security agreement on its own terms a condition precedent. The Soviets probably prefer at this time to continue the division of Germany. They probably believe that withdrawal from East Germany would endanger their position in the Satellites, and they probably also believe that the West could not provide adequate guarantees against the threat of a reunified Germany. They will probably offer to reduce their troops in East Germany to "limited contingents", and at the same time propose interim steps toward unification through negotiations between the two Germanies. They probably hope that such an offer will confuse

- 11 -

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West German opinion, and thereby prevent the Adenauer government from pushing forward with rearmament. If such an effect is not achieved, however, the possibility cannot be excluded that, at some stage of a prolonged negotiation on Germany, the USSR would agree to German reunification in return for Western pledges to guarantee Eastern Europe against German aggression.

16. As additional, but secondary issues the Soviets will probably raise at least the following: (a) admission of Communist China to the UN; (b) a separate five-power, or larger, conference on Far Eastern affairs; (c) expansion of East-West trade; (d) banning of war propaganda; (e) broadening of cultural relations.

FOR THE BOARD OF NATIONAL ESTIMATES:

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- 12 -

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